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C O N F I D E N T I A L USNATO 000272

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STATE FOR EUR-RPM (MONAHAN);
DEFENSE FOR OASD/ISA (EURO-NATO); USDAT&L/DUSD-IE (VAUGHT);
OASD/NII (HANSEN);
EUCOM FOR J4-EN ENGINEER DIV (MC) (CAPT JACKSON);
CENTCOM-J4-E (COL FLANAGAN);
JOINT STAFF-J-4 (MR. MACKIE) J-5 (LTC SEAMON)

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SUBJECT: REPORT OF SENIOR RESOURCE BOARD PLENARY MEETING
APR 19 & 20, 2007

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Classified By: D/DEFAD CLARENCE JUHL. REASON 1.4.(B/D)

11. (U) SUMMARY: The Senior Resource Board (SRB), meeting on April 19 and 20, elected a new chairman of the Board and agreed on plans of action for a variety of NATO programs. The following topics were considered and discussed: logistics information system Capability Package (CP), the Afghanistan and Kosovo operations' resource issues, Missile Defense affordability assessment, NATO assistance to humanitarian operations' funding arrangements, NATO Command Structure Peacetime Establishment (PE) Review, short notice NATO Response Force (NRF), deployment financial arrangements, operations common funding expanded eligibility impact assessment, air command and control system (ACCS) implementation, burdensharing for economic benefits to nations, and the 2008 to 2012 medium term resource plan (MTRP). The Board received status reports on the resource aspects of the current operations in Afghanistan, Iraq, the Balkans, the Mediterranean, and Sudan. The Board also received briefings on the ongoing NATO resource reform activities. The Board, in joint session with the Advisory Group of Financial Counsellors (AGFC), selected a new chairman of the military and civil budget committees. END SUMMARY.

12. (C) Details of the SRB deliberations follows:

RESOURCE PLANNING AND POLICY ISSUES

ITEM I. CRISIS RESPONSE OPERATIONS (CROS) AND MISSIONS RESOURCE UPDATES.

1A. International Security Assistance Force (ISAF): Allied Command Operations (ACO) briefed the Board on the status of their ongoing Spring Campaign to counter

insurgents. The International Military Staff (IMS) reported that three nations broke silence in the Military Committee (MC) on the revised document outlining the Minimum Military Requirement (MMR) for the proposed Intelligence, Surveillance, and Reconnaissance (ISR) full motion video capability, requesting additional costing information, a comparative analysis of the outsourcing required, and asking that a priority be placed on obtaining the capability through force generation. The MC is now considering a third draft of the MMR under silence, expiring May 2. The Board agreed to consider outsourcing of the ISR upon MC endorsement of the MMR.

ACO also outlined the requirements for accommodation of 2,300 non-crisis establishment (CE) personnel at Kandahar airfield, including 1300 contractor personnel, at an estimated cost of 50 MEURO per year. ACO also mentioned that the US has yet to respond to NATO's request as to whether the US-constructed infrastructure at Kandahar will be turned over to NATO. Since the infrastructure is required by June 2007, NAMSA will proceed with the award of the more costly support contract options, assuming the non-availability of US infrastructure.

MISSION COMMENT: NATO requested a decision on the availability of Kandahar infrastructure in Fall 2006. Mission requests Washington agencies to expedite assessment of infrastructure availability. Should a decision be taken to turn over infrastructure to NATO, Mission recommends requesting reimbursement of residual value. END MISSION COMMENT. A joint International Staff (IS)/IMS report on ACO's request of non-CE personnel accommodations at Kandahar will be submitted to the Board and the MC for consideration.

The Infrastructure Committee (IC) Chairman reported that authorizations to date are 416.7 MEURO, and expenditures for 2007 are likely to exceed the early projections of between

125 and 150 MEURO due to the apparent non-availability of US facilities at Kandahar and other emerging requirements. The Military Budget Committee (MBC) Chairman reported that the MBC will base their supplementary 2007 budget funding recommendation on the screening of revised ISAF budget which ACO is scheduled to submit in early May. The MBC agreed to carry forward 19.8 MEURO in 2006 credits to help offset any supplementary budget requested funds.

IB. BALKANS: SHAPE reported that revision 2 to OPLAN 10501 and the European Union/NATO technical arrangements which will outline the transition arrangements for the post Kosovo settlement are under development. The aerial image capability contracts for the US and NATO will expire June 30, 2007, and new contracts should be put in place to ensure continued coverage for the ongoing operation. ACO noted that the ground support for the US contract is eligible for NATO common funding. ACO also reported on the audit of the KFOR Camp Nothing Hill construction that commenced prior to IC project authorization. The audit concluded that the costs were efficiently expended and that the MMR was not exceeded; however, KFOR, assuming an implied NAC approval of the project from the 2006 NAC site visit, had proceeded without proper authorization. At Germany's insistence, ACO will provide a detailed audit report for the nations' consideration.

IC. NATO TRAINING MISSION IRAQ (NTM-I): ACO reported that JFC Naples submitted the long-term resource development plan (LTRDP) this week, and ACO will conduct a review and submit it to NATO Headquarters in early May. The Board agreed to address the LTRDP in a future preparatory session. ACO also reported that the MBC approved the contract extension for security of the NATO encampment within Ar Rustamiyah, through the end of 2007 and that the gendarmerie training is scheduled to commence on September 1, 2007, assuming NAC approval of the additional training by end of June.

The IS reported that 27 nations (including Switzerland) had pledged trust fund contributions that fully covered the 2007 requirements. The total estimated costs for NTM-I trust fund

training from 2005 through the end of 2007 is 8.0 MEURO (excluding gendarmerie training); 12.7 MEURO has been pledged to date, leaving a surplus of 4.7 MEURO for gendarmerie training and other 2008 requirements. The Board noted the update.

D. NATO LOGISTICAL SUPPORT TO THE AFRICAN UNION (AU) MISSION IN SUDAN (AMIS). ACO reported that spring rotation is underway with three Battalions complete, one underway, and six scheduled during May and early June, including the U.S. rotation of the three Rwandan Battalions from the previous fall deployment. The Board noted the update.

E. OPERATION ACTIVE ENDEAVOR (OAE): ACO reported nothing significant had occurred on OAE since the February update.

ITEM II. REPORTING ISSUES WITH CURRENT AND FUTURE RESOURCE IMPLICATIONS.

A. Short Notice Deployment of the NRF. The MC working group for logistics will meet on May 3 to consider the Strategic Commands' proposed definition of short notice deployment and their recommendation for air and sealift ratios for the deployments. Upon concluding their work, the MC will forward a report via the NAC to the SRB for consideration of the funding arrangements. The Board tasked the IS to prepare a paper on proposed funding arrangements upon receipt of the MC input for consideration at a May preparatory session.

B. Funding Implications of NATO participation in Humanitarian Operations. The Board agreed to consider the IS non-paper of March 22 at an early preparatory session (Ref D).

C. Interim Evaluation of the revised funding policy for non-article V operations. The IMS reported that on January 30, the MC received ACO's analysis of the impact of the revised funding arrangements on force generation, noting that ACO insisted that it is premature to make such an evaluation.

The MC interim report to the NAC concludes that there are no improvements to force generation since agreement to the new funding policy, and recommends to reevaluate after the November 30, 2007, global force generation conference. The Board agreed to consider the MC report at an early preparatory session with a goal of revising the SRB report to the NAC.

D. NATO Command Structure (NCS) Peacetime Establishment Review. On April 4, two nations broke silence and three provided comments to the latest proposal on the command structure, citing issues with the number of component commands, the deployable staff elements, and the acceptable manpower ceiling. The MC will meet and develop a way ahead. The SRB joint session with the Executive Working Group (EWG) scheduled for April 23 was postponed pending the MC input. The Board agreed to hold informal discussion on the issue.

E. Broader Burdensharing Discussions. The Chairman updated the Board on the status of the informal discussions on how to evaluate the economic benefit to host nations derived from capital investment and hosting NATO Headquarters. The Board agreed to continue informal discussions.

F. Missile Defense Feasibility Study. The Board tasked the IS to provide more detailed cost information on three options: common funding limited to battlefield management, command, control, communications and information (BMC3I); common funding limited to BMC3I and sensors; and full common funding. The Board, noting the requirement to provide a resource assessment at the June 2007 Ministerial, agreed to consider the affordability and funding options at an early preparatory session upon receipt of the IS input.

G. ACCS Implementation. The IS reported that 1.7 billion EURO is programmed for NSIP investment to support the

ACCS; however, the program is currently three years behind schedule. The first increment of the system software and the equipment for the deployable Air Control Picture Recognized Air Picture Sensor Fusion Post (ARS), which generates the real time air picture, were delivered at the end of 2006 and deemed acceptable. Not included in the current programming are 100 MEURO for required software upgrades and the operational sites in the seven new member nations. The IS anticipates that the ACCS contractor will eventually deliver a working system but the final cost and the time of delivery remain a concern. The Board noted the updates.

ITEM III. NATO HEADQUARTERS RESOURCE REFORM. Mr. Peltier (US), Director of the NATO Office of Resources (NOR) designate, updated the Board on establishing the NOR. Office relocations to collocate the Resource Committee Chairman and the Director of the NOR are underway. The initial operating capability of the NOR is scheduled for May 1, 2007. The SRB Chair and the Director NOR will subsequently visit the strategic commands. The Board noted the update.

ACO briefed the Board on their proposal of establishing a Capabilities Management Division (CMD) within SHAPE for a six-month trial period. The CMD will consolidate 32 personnel from J4, J5, J6, J8, the Strategic Planning Office, the Resource Integration Team, and the ACT and NC3A liaisons into one division responsible for delivering and managing capabilities for Crisis Response Operations and strategic capabilities. The Board noted the information.

ITEM IV. 2008-2012 MEDIUM TERM RESOURCE PLAN (MTRP). The IMS reported that the MC had been unable to finalize a consolidation of the NMA impact statements for the 2008-2012 MTRP prior to the plenary meeting and thus had issued an interim report to the SRB on April 17 (ref E). The MC will

now seek formal comments from the nations on the draft consolidated impact statements. The MBC Chairman updated the Board on the status of the MTFP discussions. ACO reduced the ISAF funding requirements by 74.4 MEURO to 280.7 MEURO due to implementation schedules, more accurate estimates, and by moving the participation of the strategic airlift capability (41.5 MEURO) into a separate CRO category. ACO advised that additional ISAF requirements continue to emerge and thus the budget request was likely to increase. The Board noted the update and agreed to hold discussion in a preparatory session upon receipt of the NMAs consolidated impact statement and the MTFP.

ALLOCATION OF RESOURCES CAPABILITY PACKAGE AND STAND-ALONE PROJECTS.

ITEM V.A. I.S./IMS CAPABILITY PACKAGE OVERVIEW.

The IMS briefed the status of new CPs. At nations' request in the MC, the SCs will validate the projects in revised Logistics Replenishment and Supply CP against the Defense Requirements Review 2007. Four CPs are under joint staff screening to include: the New Member Nations' NATO Interim Air Defense Systems (NATINADS), Deployable Ground Based Sensors, Electronic Warfare, and the Southern Region Bulk Fuel Assets. The IMS noted that nations deferred consideration of the four ACO headquarters CPs, pending the outcome of the PE review. The Vital Security Projects for NATO Command Forces, addressing urgent life safety and security requirements for the headquarters had been submitted to the nations for initial comments and is expected to be submitted to NATO headquarters in late May. Eight CPs are expected to be submitted by June 2007 to include: Maritime Shore-Based Communications, Air Transport, Northern Region Bulk Fuel Assets, Offensive and Defensive Air Assets, Initial Satellite Broadcast Services, and Command and Control Services for Operations.

The IS also reported that 18 CPs were no longer needed and had been deleted by the MC and the overall NSIP

authorizations for Alliance Operations have exceeded 1 billion EURO. The Board noted the updates.

The IS proposed to establish an inter-staff working group to develop a NATO bulk fuel strategy and a medium to long term action plan which would serve as the basis for future investments in and the operation of the NATO bulk fuel system.

ITEM V.B. BI-SC CAPABILITY PACKAGE 9C0103 PROVIDE FUNCTIONAL SERVICES FOR LOGISTICS COMMAND AND CONTROL. The IMS reported that The Netherlands extended the silence period for consideration of CP endorsement in the MC until May 2. France advised of their intent to participate in the CP, thus it will be funded by 26 nations. No nation raised any concerns regarding the CP and the Board agreed to consider endorsement of the CP under a short silence period upon MC endorsement.

¶13. SRB CHAIRMAN ELECTION. On April 20, the Board held elections for the new Chairman of the Board. Initially the Greek candidate was eliminated and ultimately, the Spanish candidate won the election over The Netherlands candidate with a vote of 18 to 8. All nations agreed to the Spanish candidate, Mr. Alviro Pino Salas, as the new chairman effective August 1, 2007.

¶14. MBC/CBC CHAIRMAN ELECTION. The Board met in joint session with the AGFC to elect a new dual-hatted chairman of the MBC and CBC. Initially, the French candidate was eliminated, followed by the Turkish candidate. In the final round, the Norwegian and the Czech candidates tied with 13 votes each. The Co-Chairs proposed to follow the procedure adopted by the NAC in 1993 when a similar situation occurred.

The Norwegian and the Czech candidates will each serve as Chairman for a two year-period. The Chairmen of the AGFC and SRB will submit this proposal to the nations for

consideration under a silence period expiring in two weeks. We expect that the Norwegian, Mr. Erling Wang, will serve first.

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